FOREIGN AGRICULTURE

March 1962

Tea collection center, Kenya

The USSR's Free World Trade

No Miracle for Italian Agriculture

Kenya's Swynnerton Plan

UNITED STATES DEPARTMENT OF AGRICULTURE · FOREIGN AGRICULTURAL SERVICE

To report and interpret world agricultural developments

FOREIGN AGRICULTURE

Vol. XXVI • No. 3

March 1962

Point of No Return

The European Economic Community (EEC) was 4 years old on January 1, 1962. The occasion was marked by formal passage of the Community from the first to the second stage of its transitional period. This event, popularly described as passing "the point of no return," clears the way for further development of the Common Market.

Necessary to completion of the first stage of transition was agreement on the broad principles of a common agricultural policy. Implementing the agreement, approval was given by the EEC Council of Ministers to a series of detailed regulations for specific commodities. Grains, poultry, eggs, pork, fruits and vegetables, and wine are the first to be covered, beginning July 1, 1962. Market regulations for beef and sugar are to follow, with effective dates now set as November 1, 1962, and January 1, 1963.

Commodity groups are now studying the detailed regulation for their effect on exports of specific U.S. farm products. An important factor missing thus far in the equation is definitive decision on common levels of price support, which the policy envisions. Closely related are the results of the tariff negotiations recently concluded in Geneva.

Whatever the results, we know that they will have important meaning for U.S. agriculture, since the Common Market countries comprise our largest cash market for farm products.

As these developments are studied, *Foreign Agriculture* will report their implications for American agriculture. Meanwhile, provisional summaries of the decisions and unofficial translations of detailed commodity regulations are available in the FAS Foreign Market Information Division.

Cover Photograph

Farmer's wife, with baby on her back, brings freshly plucked tea to a collection center in Kenya for transfer to the processing sheds. Tea is one of the new cash crops being grown by African farmers under the Swynnerton Plan. (Article and other pictures on page 12.)

Contents

3 Soviet Trade on Free World Farm Market Shows Strong Upward Trend

5 No Miracle for Italian Agriculture

7 Canadian Officials Recommend That Farmers Grow More Wheat

8 More U.S. Food Products To Be Sold at Trade Fairs

10 East Africa Sees Little New in Common Market — It's Had One for 45 Years

11 Japanese Boom Sparks U.S. Soybean Gains

12 Kenya's Swynnerton Plan

15 Ethiopia Broadens Its Agricultural Base

18 Irrigation in Rhodesia and Nyasaland

21 The Foreign Market for U.S. Citrus

23 Trading Post

Editor:
Alice Fray Nelson

Associate Editor:
Ruth A. Oviatt

Advisory Board:
W. A. Minor, Chairman; Wilhelm Anderson, F. L. Erhardt, Kenneth W. Olson, Paul E. Quintus, Gerald E. Tichenor.

Foreign Agriculture is published monthly by the Foreign Agricultural Service, U. S. Dept. of Agriculture, Washington 25, D. C. Use of funds for printing this publication has been approved by the Director of the Bureau of the Budget (Sept. 4, 1959). Yearly subscription rate is $1.75, domestic, $2.50, foreign; single copies are 15 cents. Orders should be sent to Superintendent of Documents, Government Printing Office, Washington 25, D. C.

Soviet Trade on Free World Farm Market Shows Strong Upward Trend

By WILLIAM L. DAVIS, Jr.
Regional Analysis Division
Economic Research Service

The Soviet Union's agricultural exports to countries outside the Soviet Bloc* are increasing. In the years 1959 and 1960, shipments were one-third above the average marketings of 1955-57. And while it is true that the chief reason for this marked increase was probably the desire to obtain hard currencies for the purchase of industrial equipment, it is not likely that these larger sales to Free World markets would have occurred without the record farm output of 1958.

Even in normal years, the USSR is one of the world's largest agricultural producers. Except for tobacco, rice, wool, oilseeds, tea, citrus, and tropical products, it is self-sufficient in farm commodities as well as being an exporter of some.

Decisions on foreign trade are made by the Soviet Government and are based on the general economic, political, and financial situation. They do not represent merely the supply and demand relationships normally understood in the United States. For example, Soviet agricultural exports to the less developed nations have expanded and so have their imports from these countries—obviously a measure on the part of the government to strengthen its ties wherever possible.

Western Europe

The Soviet Union's principal non-Communist market is Western Europe. Sales to this area tend to be more for economic reasons than those to other parts of the world. This is not to say that political criteria are not considered. With the government exercising complete monopoly over foreign trade, political matters have a bearing on all trade. Still, these are the hard currency markets from which the Soviets can obtain much needed industrial machinery.

Within Western Europe, which continued to take three-fourths of the USSR's non-Bloc exports, sales in 1959 and 1960 shifted to countries which are now members of the Common Market, or have applied for membership, i.e., the United Kingdom and Denmark. These countries took two-thirds of Soviet agricultural exports to Western Europe in 1959 and 1960 and only one-half in 1955-57.

The United Kingdom and Finland have been the two leading non-Bloc importers of Soviet agricultural commodities. While exports to Finland have remained stationary, those to the United Kingdom in 1959 and 1960 averaged about 25 percent more than in 1955-57. Of the total net increases in non-Bloc exports, the United Kingdom and West Germany accounted for one-fourth. A significant rise was also reported in exports to Italy. The European countries showing decreases in these two periods were Norway, Switzerland, and Yugoslavia.

Asia

Asian purchases, averaging about 12 percent of the non-Bloc total in 1959 and 1960, gained slightly over the 1955-57 average, with a large increase in sales to Japan offsetting decreased sales in most other non-Bloc Asian countries. Prior to 1958, Japan was taking no agricultural products from the USSR, but in 1960 it imported 30 percent of the shipments to non-Communist Asia.

In Asia, the USSR did not expand its traditional agricultural markets. Afghanistan, its leading non-Bloc Asian market in 1955-57, dropped slightly, and Iran, another principal Asian market, fell off 40 percent.

Western Hemisphere-Africa

The average of 1959 and 1960 sales to Western Hemisphere countries rose 40 percent over the 1955-57 average and represented 8 percent of the non-Bloc total. This was the result of larger 1960 sales to Cuba and Brazil.

Cuba, not an importer of Soviet agricultural commodities before 1960, accounted for slightly more than one-third of the agricultural exports to the Western Hemisphere that year. These sales to Cuba were primarily replacements for U.S. commodities—wheat, rice, fats and oils, and cotton. The sale of 200,000 tons of wheat to Brazil in 1960 is the only agricultural export to that country for which Soviet trade statistics have been available since 1955.

Africa, which accounted for 5 percent of Soviet agricultural exports to non-Bloc countries in 1959 and 1960, showed an increase of 40 percent over the 1955-57 average. Egypt, which took nearly all of the exports to Africa during 1955-59, bought a negligible amount in 1960. This was offset, however, by small sales to such countries as Morocco, Guinea, Ghana, and Ethiopia, where little or no trade was carried on between 1955 and 1958.

Commodities Exported

All principal agricultural exports of the USSR, of which wheat is the most important, showed substantial increase in 1959 and 1960 over the 1955-57 average. The USSR, the world's third largest wheat exporter, selling over 130 million bushels in 1960, economically accomplished this increase in sales to non-Bloc countries by meeting price competition and providing a market for machinery and other Free World products.

Several non-Bloc countries made wheat purchases at prices more favorable than the prices paid by Bloc countries from 1955 through 1960, the price paid by the United Kingdom being consistently among the lowest. Finland has generally paid higher prices than other non-Bloc countries but lower ones than Communist countries.

Aggressive merchandising has contributed significantly to these mounting sales of Soviet wheat. Sales representatives of the government export agency are stationed in the major importing countries of Western Europe

*In this article Yugoslavia and Cuba are not included in the Soviet Bloc.

and are empowered to make sales. Quality specifications, which have proved quite satisfactory to Western European buyers, have also facilitated trade. A protein content determination available on request of the buyer is made on each shipment of wheat. Furthermore, all wheat exported carries a Soviet state grain inspection certificate printed in both Russian and English.

Soviet tobacco and wool exports (both are import commodities as well) to non-Bloc countries remained unimportant. And while exports of cotton to non-Bloc countries have been increasing, the USSR continues to be a net importer of Free World cotton.

In 1959 and 1960, sales of oilcake to non-Bloc countries were 196 percent and 143 percent, respectively, above the 1955-57 average. Because of the good market for protein supplement in Northern Europe, the Soviets to some extent ignored their ambitious livestock goals in order to earn hard currency. At present, protein supplement feeding is at a low level in the USSR.

Soviet Farm Imports

Compared to the 1955-57 average, there has been a trend toward larger imports of cotton, wool, tobacco, fruits, and sugar from non-Bloc countries. Nevertheless, Soviet imports of farm products are very small, particularly from non-Communist countries.

Egypt is the principal cotton supplier, but in 1959 and 1960, small purchases were also made from several other Middle Eastern countries as well as from North Africa. To date, there has been no tendency to buy African tobacco. Increased imports of tobacco from non-Bloc countries were largely the result of minor purchases from several Middle Eastern countries and India. Likewise, the substantial increase in fruit imports resulted from purchases of tropical fruits from underdeveloped nations.

With regard to sugar, the Soviet Union's big purchases of Cuban sugar and its own increased production in 1960 resulted in a 50-percent increase in sugar available for consumption. No large increase in industrial use occurred; nor was any decrease in the consumer price reported.

Last year a record 3.2 million tons of sugar were bought from Cuba and domestic production hit a peak too, so that the availabilities were further increased. However, the USSR "loaned" China 500,000 tons of Cuban sugar—or 18 percent of its 1961 Cuban sugar

(Continued on page 17)

USSR'S PRINCIPAL FARM EXPORTS

Commodity	1955-57 average	1958	1959	1960
	1,000 m.t.	*1,000 m.t.*	*1,000 m.t.*	*1,000 m.t.*
Wheat	2,979.6	3,878.7	6,052.0	5,638.9
Bloc	2,257.2	2,836.5	4,365.3	4,236.4
Non-Bloc	698.5	1,021.3	1,682.7	1,366.3
Undistributed	23.9	20.9	4.0	36.2
Rye	553.0	461.0	548.9	689.5
Bloc	415.1	341.1	371.4	520.9
Non-Bloc	132.7	108.9	172.7	155.9
Undistributed	5.2	11.0	4.8	12.7
Coarse grains	1,237.8	759.9	407.9	503.8
Bloc	844.0	490.3	128.5	210.0
Non-Bloc	335.2	269.6	279.4	278.3
Undistributed	58.6	-	-	15.5
Cotton	334.9	322.1	355.8	404.9
Bloc	259.0	275.1	268.2	303.1
Non-Bloc	71.4	46.4	84.2	101.0
Undistributed	4.5	.6	3.4	.8
Vegetable oils	42.4	52.2	82.5	91.8
Bloc	38.8	49.9	73.8	69.1
Non-Bloc	3.0	2.3	5.7	14.2
Undistributed	.6	-	3.0	8.5
Oilcake	150.2	365.4	575.2	496.4
Bloc	15.2	35.7	29.5	31.3
Non-Bloc	127.8	288.3	378.7	310.7
Undistributed	7.2	41.4	167.0	154.4
Oilseeds	58.7	47.1	83.3	110.4
Bloc	51.5	46.1	60.0	72.4
Non-Bloc	-	-	-	-
Undistributed	7.2	1.0	23.3	38.0
Sugar (refined value)	194.5	203.8	197.2	242.9
Bloc	13.7	11.5	10.8	4.5
Non-Bloc	154.4	188.8	186.4	236.7
Undistributed	26.4	3.5	-	1.7
Tobacco	6.0	5.5	7.1	1.6
Bloc	3.2	4.0	4.7	-
Non-Bloc	2.7	1.5	2.4	1.6
Undistributed	.1	-	-	-
Wool	13.8	17.0	16.9	18.0
Bloc	11.3	12.9	13.6	15.3
Non-Bloc	2.5	3.4	3.0	2.5
Undistributed	-	.7	.3	.2

Official Soviet sources.

USSR'S PRINCIPAL FARM IMPORTS

Commodity	1955-57 average	1958	1959	1960
	1,000 m.t.	*1,000 m.t.*	*1,000 m.t.*	*1,000 m.t.*
Wheat	198.2	323.3	246.9	98.0
Bloc	23.8	40.2	48.0	98.0
Non-Bloc	174.4	283.1	198.9	-
Undistributed	-	-	-	-
Rice	495.4	500.5	689.1	501.1
Bloc	310.5	472.8	658.4	450.9
Non-Bloc	184.9	27.7	30.7	50.2
Undistributed	-	-	-	-
Coarse grains	133.4	462.0	10.0	142.3
Bloc	123.3	215.5	10.0	107.0
Non-Bloc	10.1	246.5	-	35.3
Undistributed	-	-	-	-
Cotton	60.0	142.1	209.3	193.1
Bloc	.8	-	71.5	46.9
Non-Bloc	59.2	142.1	137.8	146.2
Undistributed	-	-	-	-
Vegetable oils	112.5	73.3	71.6	59.5
Bloc	79.3	71.1	68.9	33.5
Non-Bloc	33.1	2.2	2.5	26.0
Undistributed	.1	-	.2	-
Oilseeds	759.1	551.7	715.2	418.5
Bloc	754.7	541.6	707.2	401.9
Non-Bloc	4.4	10.1	8.0	16.6
Undistributed	-	-	-	-
Sugar (refined value)	622.9	367.0	310.6	1,609.2
Bloc	194.1	177.0	186.1	219.6
Non-Bloc	428.8	190.0	124.5	1,389.6
Undistributed	-	-	-	-
Wool	50.8	55.2	57.8	61.5
Bloc	25.7	21.0	22.2	20.9
Non-Bloc	23.6	34.0	34.9	39.3
Undistributed	1.5	.2	.7	1.3
Tobacco	73.2	84.3	96.6	74.2
Bloc	65.7	71.3	85.9	62.6
Non-Bloc	7.5	13.0	10.7	11.6
Undistributed	-	-	-	-
Fruits, fresh and dried	207.5	401.3	355.8	411.5
Bloc	120.6	264.4	253.4	243.1
Non-Bloc	77.7	127.7	94.2	138.3
Undistributed	9.2	9.2	8.2	30.1

Official Soviet sources.

No Miracle for Italian Agriculture

The rapid growth of Italy's economy has been called a miracle. Italian farmers expect no miracle, but are demanding—and may get—a greater share in the boom.

Above, terraced vineyards in Tuscany, and right, harvesting tomatoes near Rome. Italy is a leading European producer of both fruits and vegetables.

By ELFRIEDE A. KRAUSE
Regional Analysis Division
Economic Research Service

Italy's economy has expanded so rapidly in the last 10 years that it has been called the Italian "miracle." The country's gross national product has grown almost as swiftly as that of West Germany.

Italy has indeed made remarkable strides in industrial production. In 1961 its industry produced nearly twice as much as in 1953, and, even though some slowdown is to be expected, industrial growth is likely to continue at a rapid rate. There has also been a very high rate of expansion in most other nonagricultural sectors of the economy.

Italian agricultural production increased by nearly one-fifth during this period, a rate even slightly above the Western European average. But this seems like a snail's pace in comparison with the rapid expansion of the rest of the economy.

The increase in per capita farm income has been greater than in total farm income, since Italy's booming industry and services have absorbed part of the agricultural population. Less than one-third of the population is now dependent on agriculture; 10 years ago it was over two-fifths.

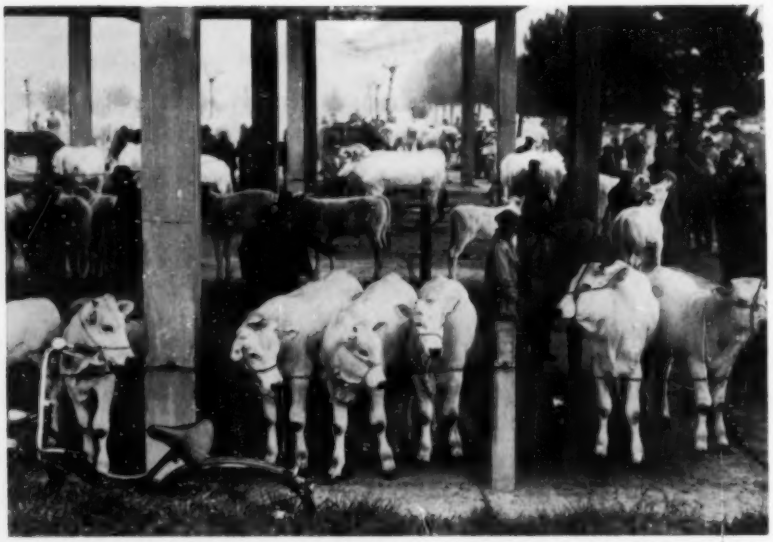
However, though the average farmer has improved his lot considerably during the past decade, his city cousin has done better. The gap between farmers' incomes and urban workers' wages, already wide, has become wider.

This not uncommon problem is compounded in Italy by the sharp difference in the economic development of the North and the South. Natural conditions are much less favorable for agriculture in the South than in the North, and a larger proportion of the population is dependent on agriculture. Farm incomes are the lowest in southern continental Italy, Sicily, and Sardinia. By 1960 the average income per day per person engaged in agriculture, forestry, and fishing for all of Italy had increased to about $1.70; in the South the average was probably little more than $1.00.

Farmers in Italy, like those in many other countries, are understandably dissatisfied with the wide gap between their earnings and those of urban workers. Many are leaving their farms or farm employment to look for work in Italian cities, especially in the industrial areas of the North; others emigrate elsewhere in Europe or overseas. But in spite of the remarkable improvement in the Italian economic situation, unskilled workers still have difficulty finding jobs, even though a shortage of skilled workers is developing. Furthermore, the proportion of young, able-bodied men is naturally high among those leaving for the cities, thus creating other problems.

Italian farmers and their organizations are demanding that the government take stronger action to raise farm incomes by adopting a more protectionistic policy and by providing more assistance to farmers so they can speed up the increase in productivity. The two major farm organizations, the Confederation of Direct Cultivators (for small farmers) and the Confederation of Italian Farmers (for larger farmers) have long tried to bring about increased government aid for farmers.

A new farmers' organization, the Center of Agricultural Action, has followed the example of French farmers (see *Foreign Agriculture*, December



Young calves waiting to be sold at farmers' livestock market in Tuscany. The Green Plan stresses livestock production as well as more efficient marketing.

1961), by organizing demonstrations and tractor processions during the past summer and fall to publicize the farmers' complaints and demands.

The Italian Government devoted a great deal of attention to agricultural problems in 1961. After more than a year of consideration, the Parliament finally in May passed the "Green Plan," patterned in part after German and French plans of the same title.

The general objectives of the Green Plan are to promote the social and economic development of agriculture by forming and strengthening efficient and rationally managed farms, in particular family farms. Other goals are increased productivity and employment, higher living standards and incomes for the rural population—and adjustment of agricultural production to domestic and foreign market needs.

Emphasis is placed on structural reform through strengthening land improvement and irrigation programs, developing and improving specialized crops and livestock production, increasing mechanization, and providing for loans at low interest rates.

Improved market and agricultural research and advisory services, as well as stepped-up processing and distribution facilities, are to help the farmer raise and market his produce more advantageously.

The Minister of Agriculture is to report progress to Parliament annually and propose the next year's budget.

Expenditures are to be met by a special appropriation of $885 million over a 5-year period, as well as by additional private investment in agriculture of around twice this amount which should be stimulated as a result of the Plan.

According to Italian estimates, public and private agricultural investments averaged about $640 million annually during 1955-59 and would have continued at about this rate without the Green Plan. To this amount the Plan is expected to add another $500 million each year, including private investments stimulated by it.

The government in 1961 also sponsored a National Rural and Agricultural Conference which held meetings in Rome in June, July, and finally in October, to study the problems of Italian agriculture and make recommendations for their solution. Prime Minister Fanfani, in opening the conference, stated that lack of an increase in farm income comparable to that of other workers was creating rural unrest. The Green Plan had been adopted as a first step, he said, but greater efforts were required. He appealed to the conference's experts to formulate recommendations for action by Parliament.

A total of 176 reports was submitted to the conference by as many Italian organizations. Special committees were then set up to prepare recommendations. The final report, submitted at the closing session in October, contained a long list of recommendations for government action to make Italian agriculture more efficient and bring about better economic and social conditions in rural areas. One recommendation asked for establishment of an $80-million revolving price stabilization fund. Another suggested the government make provision for 40-year loans at 1 percent interest to enable the purchase of land, either for an entire farm (e.g., loans to sharecroppers to enable purchase of the land they worked) or to enlarge existing holdings to economic size.

It has been estimated that if all the proposals made at the conference were put into effect, it would cost the government $320 million to $400 million annually in addition to Green Plan and other agricultural expenditures already set up.

Opinions differ as to whether the Agricultural Conference is likely to lead to appreciable concrete results. However, it seems probable that some of the proposals will be adopted.

Italian agriculture will face new problems when the common agricultural policy recently agreed upon by the European Economic Community begins to take effect. Italian prices for some agricultural products are now among the highest in the Community. Furthermore, Italian farmers insist they must share to a much greater extent in Italy's growing prosperity, and in Italy, as in most other countries, their demands cannot be ignored, for political as well as for social and economic reasons.

There will probably be significant changes in the pattern of Italian agricultural production in the years to come—more emphasis on livestock production, feed grains, and products for which Italy has export possibilities, such as fruit and vegetables. When Italian farmers are able to make more use of modern technology, agricultural productivity per man engaged in agriculture will increase.

But no "miracle" is likely to occur in Italian agriculture comparable to the rapid spurt in industrial growth which has made Italy one of Europe's leading industrial nations.

Canadian Officials Recommend That Farmers Grow More Wheat

By FRED J. ROSSITER
U.S. Agricultural Attaché, Ottawa

The sweetest music Canadian Prairie farmers have heard in nearly a decade is "Grow More Wheat." This is almost a forgotten tune, for it has been a long time since government officials have encouraged farmers to step up their production. Mostly they have wanted it the other way.

Two events this past year have brought about this sudden change of advice. The first was the signing of the long-term wheat agreement with Red China last April providing for a sale of 187 million bushels of wheat and 47 million bushels of barley, for delivery between June 1, 1961, and December 31, 1963. Financial arrangements permit the Chinese to pay 25 percent down and the balance in 9 months after shipment. At the end of 1961, firm purchases had been arranged for 94 million bushels of wheat and 37 million bushels of barley, including a previous cash sale of 28 million bushels of wheat and 12 million bushels of barley.

The second important event was the harvesting of a very short wheat crop in the Prairies in 1961. With wheat exports running at near record levels, the Prairies were hit by the worst drought since 1937. The total Canadian wheat crop in 1961 was placed at 262 million bushels as compared with the 1951-60 average of 497 million. As a result, the whopping carryover on farms and in commercial storage on July 31 of 527 million bushels became not a burdensome surplus but a handy reserve to meet huge export commitments.

Agriculture Minister Alvin Hamilton, while advocating that farmers "Grow More Wheat" this year, also hastens to add that if Canadian yields return to normal in 1962, this may be only a 1-year call. He believes Canada should not return to a burdensome wheat-surplus situation which has existed during the past 8 years. Farmers should diversify their program, producing more livestock and possibly more oilseeds.

Canadian Prairie farmers like to grow wheat. (About 97 percent of the Canadian seeded wheat acreage is in the three Prairie Provinces.) They will have to decide by early May the number of acres to be put into spring wheat for the 1962 crop. The 1946-50 Canadian 5-year average acreage was 25.4 million acres, while during the surplus years 1955-60 the acreage averaged 22.2 million. The 1961 seeded acreage totaled 23.8 million.

The acreage Prairie farmers will put into wheat or other crops this spring is still very uncertain because of the continued drought. On December 1, 1961, the reserve soil moisture was considered the lowest since 1937. Unless adequate rains occur this spring, it is possible Canada may have another very short wheat crop and will have to reduce her shipments to normal export markets and to Red China during the 1962-63 marketing year.

Canadian wheat and flour exports during the 5 marketing years (August 1-July 1) 1956 to 1960 averaged 293 million bushels. For the 1961 marketing year they totaled 354 million bushels. This included 34.7 million bushels shipped to Red China.

Canadian wheat carryover, during the 5-year period, 1956 to 1960, averaged 608 million bushels, and on August 1, 1961, the carryover was placed at 527 million bushels. Exports for the 1962 marketing year are forecast at about 350 million bushels, which would leave the carryover on next July 31 at about 290 million bushels, or the lowest since 1952.

The Canadian Wheat Board is the sole buyer of Prairie wheat for domestic and export sales, except for a small volume sold locally for feed and for seed. Prairie wheat farmers can deliver wheat to the local elevator, which is an agent for the Wheat Board, only when they receive a delivery permit from the Wheat Board. During the past 8 years many of the large grain farmers have been able to sell only a portion of their crop and have had to carry wheat over on their farms on their own account. This has been a factor in holding down Prairie wheat acreage.

In late January, the Chairman of the Canadian Wheat Board, W.C. McNamara, stated that in view of the lack of subsoil moisture and attractive prices for oats and barley, he believed Canadian wheat acreage, even if spring rains are adequate, would not exceed 24.5 million acres.

CANADIAN EXPORTS OF WHEAT AND FLOUR,[1] BY AREA, 1958-59, 1959-60, 1960-61[2]

Area of destination	1958-59	1959-60	1960-61
	1,000 bu.	1,000 bu.	1,000 bu.
Western Hemisphere	21,007	20,485	19,981
Europe	194,237	170,245	207,381
Asia	69,883	70,645	102,711
Africa	9,764	12,406	5,656
Oceania	19	25	352
Unspecified[3]	5,475	5,741	6,717
Total	300,385	279,547	342,798

[1] Flour converted to grain equivalent.
[2] July-June years.
[3] Includes bagged seed wheat.

U.S. EXPORTS OF WHEAT AND FLOUR,[1] BY AREA, 1958-59, 1959-60, AND 1960-61[2]

Area of destination	1958-59	1959-60	1960-61
	1,000 bu.	1,000 bu.	1,000 bu.
Western Hemisphere	59,024	86,986	87,416
Europe	128,155	106,216	200,901
Asia	227,074	259,826	301,720
Africa	27,821	55,562	70,371
Oceania	32	52	43
Unspecified[3]	—	—	—
Total	442,106	508,642	660,451

[1] Flour converted to grain equivalent.
[2] July-June years.
[3] Includes bagged seed wheat.

Left, snack bar at last year's Hamburg Fair where fried chicken made a big hit. Below, at the Foire de Paris, Frenchwoman buys a package of nonfat dried milk.

More U. S. Food Products To Be Sold at Trade Fairs

By WILBERT SCHAAL
International Trade Fairs Division
Foreign Agricultural Service

Eight years ago when the U.S. Department of Agriculture went into its first foreign trade fair, it was thought sufficient to have our foods attractively displayed and samples available for visitors. We've now learned this isn't enough. People want to buy our foods. They say so, and whenever they have been given the chance, they do buy—thousands of dollars worth.

This year there are going to be more opportunities to buy, for more U.S. food products will be offered for retail sale at trade fairs abroad than ever before. Several thousand processors, manufacturers, and distributors of American foods are now being queried about sending their products to be sold at U.S. exhibits planned for England's two largest international fairs: The Manchester Grocers Exhibition, May 8-19; and the London Food Fair, August 28-September 12.

Later in the year will come two other big fairs: the IKOFA, in Munich, September 21-30; and the Salon d'Alimentation, in Brussels, September 29-October 14. Both of these will feature retails sales of popular American foods.

How We Started

The selling of our food products at foreign trade fairs began in West Germany and for several years was restricted mainly to precooked frozen poultry. Prime poultry parts were cooked in deep fat and served hot to customers at a charge of about 25 cents. On the poultry plate were portions of honey, cranberry sauce, or rice, with a hard roll. (More recently, the institutional-size frozen turkey roll has been sold in the same manner.)

Sales were phenomenal. On some days the servings totaled in the thousands. And furthermore, they helped stimulate interest in American poultry which has resulted in a fine business with West Germany for U.S. poultry producers.

In 1960, the London Trade Fair and the IKOFA in Munich added further impetus to the selling of American food products. The Grocery Manufacturers of America arranged for several U.S. companies to send packaged foods to be placed on sale. Virtually all GMA stocks sold well, and in most cases all supplies were bought by exhibit visitors.

Salable items included packaged honey, cake mixes, canned soups, crackers, and nonfat dried milk. And at the Munich poultry exhibit, sales of turkey and chicken sandwiches and of frozen and canned poultry amounted to nearly $8,000, or an average of almost $1,000 worth a day.

Hamburg Sells Out

The following year, 1961, saw food sales mounting. At the Foire de Paris, turkey sandwiches and nonfat dried milk were sold to Parisians with gratifying results. But the peak of selling occurred at the U.S. Food Fair in Hamburg in November.

Many U.S. firms, or their European agents, had made available at Hamburg what they thought were adequate quantities of their products. By the end of the fourth day of the 10-day fair, the vast crowds had bought up practically everything. Extra supplies, including

Chefs lined up behind a magnificent display of U.S. foods in the lounge at the Hamburg Fair. Right, German crowds listen to sales talk for U.S. packaged rice.

3,000 pounds of precooked poultry, were flown from New York to Hamburg on 24-hour notice, and these too were practically sold out by the end of the fair. Gross sales amounted to about $24,000.

The Hamburg Fair also featured commercial exhibits put on by German firms selling U.S. products, such as nonfat dried milk, canned fruits and vegetables, as well as juices, dried fruits, canned poultry, lard, peanut butter, and rice. It was difficult to get the exact sales figure but it probably amounted to around $20,000. Also, these same exhibitors estimated that orders taken at the fair for future delivery were close to $225,000.

Still another food-selling operation at the Hamburg Fair was the public restaurant and snack bar. This was operated as a concession under contract with a caterer, and, except for certain perishables such as salad ingredients, all of the food came from the United States. Nearly 23,000 persons were served in the 10-day period, with gross receipts amounting to approximately $14,300.

The 1962 Program

This year's exhibits in England, Germany, and Belgium will take a new approach. A large area at each of these fairs will be designed to resemble a U.S. self-service store where consumers can look and buy as in the United States.

As in the past, sales operations are being worked out together by USDA's Foreign Agricultural Service and the Grocery Manufacturers of America, whose headquarters are in New York. U.S. food handlers will not be required to rent shelf space in the self-service stores. Their responsibility will be to send products largely of their choice and in designated quantites. GMA will coordinate the displays and supervise the selling. Suppliers will bear the costs of shipping, customs, and handling, and will receive a prorated share of net proceeds based on the amount of goods supplied and the amount sold.

While retail selling will be the leading feature of these fairs, it will not be the only one. Combined with the selling operation will be the customary displays of our agricultural commodities, sponsored cooperatively by FAS, supporting trade associations, and food firms. In these, the usual promotional demonstrations will be carried on each day.

This year's exhibits will again provide the lounges where specially invited guests are entertained—mainly at luncheons and receptions where U.S. foods are served. The guests will include trade representatives, government officials, and others who can influence the trade abroad in our food products.

The purpose of all these exhibits, of course, is to show to consumers and merchants abroad that the United States produces high-quality foods and other agricultural products and can deliver them in any desired quantity. They also serve to point up the time-saving convenience of our packaged, precooked, and frozen foods—"built-in maid service," as it is often called.

Money To Spend

Blessed with rising prosperity, the European housewife—especially in Northern Europe—has the money to spend for good food. She is eager to try these new products, and the retail price, which necessarily includes transportation and duty costs, is no deterrent. In fact, the most frequently heard question at our foreign trade exhibits is, "Now that we've seen it, where can we buy it?" For many products, the answer this year will be, "Right here."

East Africa Sees Little New in Common Market—It's Had One for 45 Years

The 22 million people of British East Africa are joined together in the world's oldest and least known common market under the administration of the East Africa Common Services Organization.

The Organization, made up of the chief executives of Kenya, Tanganyika, and Uganda, maintains common tariffs and controls on most imports from abroad; however, some $60 million worth of annual interterritorial trade is tariff-free. The three countries also have a common currency, transportation and communications system, income tax, research setup, and economic and statistical service.

In area, East Africa's common market is 1½ times the size of Europe's, but contains only about an eighth of the population. Its foreign trade, now valued at $375 million worth of imports and $369 million of exports a year, is still largely with the United Kingdom, which gives Commonwealth tariff preference to the area's products even though British East Africa, as signatories of the Congo Basin Convention, cannot reciprocate. East Africa also engages in an increasingly large volume of trade with other African and Asian nations.

Though primarily agricultural, the area is trying to develop industrially. There is already a growing food-processing industry producing such things as dairy products for the Persian Gulf countries and canned pineapple that can compete successfully in the U.K. market. The three countries are trying to build other industries, and a united market may attract needed foreign investment more effectively than if the members acted alone.

The East Africa Common Services Organization has its origins in a 1917 free trade agreement between Kenya and Uganda. At that time, the two territories also amalgamated their customs authorities. Five years later, the two were joined by Tanganyika in adopting a common external tariff. Free interchange of domestic products was inaugurated in 1923, and free movement of imported goods in 1927.

Beginning in 1932, the Conference of Governors—which had first met in 1926—convened annually to discuss common problems and administer common services for their three territories.

The demands of fighting World War II required a greater pooling of the territories' resources, and consequently, the organizations under the Governors' Conference were greatly expanded. At the end of the war, the British Colonial Office pointed out several defects in the existing system and proposed what was to become the East Africa High Commission.

On January 1, 1948, the Commission, made up of the governors of Kenya, Tanganyika, and Uganda, assumed its powers. With the advice and consent of a legislative assembly drawn from the three territories, it administered a long list of services, including customs and excises, locust and tsetse fly control, publicity and public relations, basic agricultural and statistical research, refugee settlement, geological and topographical surveys, and statistical services. However, no attempt was made at political unification; each territory would continue to be the responsibility of its governor and legislature.

The Commission remained pretty much as it had been set up until December 1961 when Tanganyika became independent. At that time there was some fear that the new nation would want to strike out on its own. On the contrary, Tanganyika took the lead in establishing the present East Africa Common Services Organization, alike in structure and duties to the old Commission but adaptable to the needs of independent nations as well as British territories. The new country even expressed support for the idea of eventual political federation.

Tanganyika apparently saw in continued association with the East African common market the chance to continue close relations with two neighboring countries, with largely complementary agricultural and industrial development and a similar, though far from identical, culture.

Export Award Program Features New "E" Flag

The Presidentially proclaimed program for "Big E" flag awards for U.S. export expansion effort and accomplishment is gaining momentum.

Nominations for the award are being submitted in increasing number, reflecting interest in the plan to accord special recognition to firms, trade groups, and individuals who have made noteworthy contributions to increase U.S. farm and other exports.

The President's "E" award for export expansion is a peacetime revival of the Army-Navy "E" citation for wartime production efficiency. It is a flag with a blue "E" upon a white background. The wartime award flag had a white initial on a blue ground.

President Kennedy established the export award program last December. In doing so, he said that more exports will mean a stronger and more prosperous America and greater assurance of a Free World. At the same time, he expressed hope that "all Americans will regard the new 'E' symbol as an incentive to their best effort."

Nominations for the "E" award for expansion of agricultural exports, including products processed from agricultural commodities, may be submitted to the Foreign Agricultural Service, U.S. Department of Agriculture, Washington 25, D.C. Industrial nominations may be submitted to the field offices of the U.S. Department of Commerce.

There are two types of awards: (1) The President's "E" Award, and (2) the President's Certificate of Service. Eligible for the latter are persons, firms, and organizations who contribute to export expansion but who are not engaged in marketing.

Criteria for making the awards are:

Demonstrating a substantial increase in export sales on a sustained basis.

Successfully introducing a new product into U.S. export trade.

Developing a market abroad for a product not previously exported.

Effectively entering a foreign market where competitive conditions are extremely difficult.

Opening a new trade area previously closed to American competition.

Japanese Boom Sparks U.S. Soybean Gains

The preparation of soybeans for group feeding was the subject of this meeting held by the Japanese-American Soybean Institute at the Nishinomiya Health Center.

By ROBERT W. ALLEWELT
Fats and Oils Division
Foreign Agricultural Service

The U.S. soybean industry foresees a 10- to 20-percent annual increase in its $100-million Japanese market over the next few years under the impact of Japan's booming economy and recent liberalization of soybean dollar imports. The expected liberalization of soybean meal imports in 1962 generates some of the optimism.

The United States supplied all but 3 million bushels of Japan's total imports of 42 million bushels in 1961—and hopes to supply nearly all of the 50 million bushels Japan is expected to import in 1962.

Neither Japan's domestic production nor possible imports from a traditional source, Mainland China, seem likely to affect this estimate.

Uncertainty of supply and generally lower quality make large imports from China problematical, though Japan may import somewhat more than the 2 million to 3 million purchased in late 1961. This was the first substantial purchase since trade relations between the two countries were terminated in 1958. Prior to World War II, Japan imported around 20 million bushels a year from China.

Only one-fourth of Japan's consumption requirements was met by domestic production of over 14 million bushels in 1961. Future production is not expected to increase and may possibly decline because of competition from lower-priced imports.

Even with a 13-percent ad valorem tariff, the wholesale price of U.S. soybeans in Tokyo last October averaged about $116 a metric ton, compared to $165 a ton for domestic soybeans. The 1961 support price for Japanese soybeans was $3.93 a bushel compared to the U.S. support of $2.30 a bushel.

Japan's tariff structure favors oilseed imports to support the domestic oilseed-crushing and fats-and-oils-processing industries. Soybean oil imports carry a 20-percent duty, compared with a 5-percent duty on soybean meal. The crushing and processing industries are rapidly adopting up-to-date methods, such as the solvent extraction system, to obtain oil from oilseeds.

Changed Consumer Tastes

Consumption of soybeans in Japan is shifting from whole soybean foods to soybean oil and meal.

Crushed soybeans, used as oil or meal, now account for nearly two-thirds of all soybeans consumed in Japan. Out of the 1962 consumption estimate of 54 million bushels, 34 million will be crushed, and 20 million will be used directly in the production of whole soybean foods. The 780,000 short tons of meal obtained from the crushed soybeans will be about equally distributed between food uses and livestock feeds.

Per capita consumption of edible vegetable oils, used mostly in liquid form, has nearly tripled in the postwar period and in 1961 reached an estimated 10.9 pounds. The current decade should see a further increase to 20 pounds per capita.

In Japan, edible oil is sold mostly in bulk form to consumers who supply their own containers, though sales of packaged vegetable oils are increasing in metropolitan areas. As income levels rise, the present limited use of margarine and shortening (hydrogenated oil) is expected to grow and further the use of packaged oil products.

The demand for soybean meal is growing even more rapidly than the market for fats and oils. Imports of U.S. soybean meal soared to about 65,000 short tons in 1961 from former import totals of less than 1,000 tons a year. Following the anticipated liberalization of soybean meal in 1962, Japanese imports of U.S. soybean meal are expected to increase. All imports of meal, which are controlled by the government, are used for feed purposes.

Intensive Market Development

The market development program of the Japanese-American Soybean Institute has, with the assistance of the Foreign Agricultural Service, contributed much to the growth of this market for U.S. soybeans. Since 1956 the Institute has worked closely with Japanese Government and industry groups in providing U.S. soybeans "tailored" to Japanese consumer preferences, and specially cleaned for the variety of uses to which the soybean is put in Japan. The Institute continually conducts promotional and educational activities at industry and consumer levels.

Japanese industry groups have contributed considerable time and money to the promotion of U.S. soybeans in Japan. The high level of this participation makes it likely that Japan will continue to be a major foreign dollar market for the fourth largest cash crop produced by American farmers.

Kenya's Swynnerton Plan

This program tripled African income in 3 years by introducing cash crops, improving existing crops, and consolidating land.

A young Jaluo girl carries water fro
construction, and water supply imp

A recent $8.4-million loan from the World Bank will enable Kenya to expand its African agricultural programs for another 3 years. These programs have provided African farmers with land, credit, and know-how since the inception of the first one in 1945.

Largest of the schemes is the Swynnerton Plan to intensify farming in African areas of high potential production, mainly in the Highlands. It was preceded by the Agricultural Land Development Board (Aldev) which, since 1945, has concentrated on land and livestock improvement and water conservation throughout the country. The new World Bank loan and other funds will be used to help Africans establish farms on land in parts of the Highlands that had previously been reserved for Europeans.

The Swynnerton Plan, named for its engineer, Roger Swynnerton, for many years Kenya's Director of Agriculture, aims to improve the general level of Kenyan agriculture to the point where each farm will provide a subsistence plus a minimum of about $280 a year cash income. This, in turn, is expected to develop a market and free a labor force for Kenya's growing production and service industries.

Cash Crops Introduced

Introduction of cash crops to new areas is one of the most important facets of the program. African farmers are now growing 40,000 acres of coffee, 4,000 acres of tea, and an increasing number of acres of pyrethrum a year, almost entirely for export. Ten years ago, these crops were grown almost exclusively by Europeans. They now bring $28 million a year to Kenya's African farmers and contribute 20 percent of its export income.

The coffee is a high-quality Arabica, grown on a small scale: Usually about 1 acre or less for each family. In terms of acreage, African farmers now grow almost as much coffee as Europeans and more than 20 times the 1950 figure. Research, extension, careful cultivation, and the prohibition of land subdivision have resulted in yields of up to 1,200 pounds per acre. Still, about 80 percent of Kenya's coffee export income is earned by European farmers and all of Kenya's production —about 33,000 metric tons a year—is just a drop in the world's 4.5 million-tons-a-year coffee bucket.

Kenya's 118,000 African coffee producers are served by 138 cooperative societies that run nurseries, manage plants that process coffee to the parchment stage, and handle marketing.

Another 30,000 Africans grow pyrethrum, second of the major cash crops introduced under the Swynnerton Plan. Kenya is by far the world's leading producer and exporter of pyrethrum extract, and African farmers contribute over 25 percent of the 9,600-metric-ton annual production. The total is expected to reach 14,000 tons or more in a few years, with much of the increase coming from African farms.

Tea production tells a similar story. Like the coffee, the tea produced is of high quality. Because tea is an expensive and time-consuming crop to establish, the administrators of the plan thought it would be unprofitable to encourage production of poorer qualities. Tea requires acid soil and frequent mist plus an initial cash investment of about $340 per acre. In addition, factories must be within a few hours of the fields. Despite these difficulties, 4,000 acres of tea have been planted by Africans since 1957, almost all of it in the Swynnerton Plan areas, and the target is 15,000 acres by 1967. Tea is expected to rival coffee in importance as an African cash crop in a few years.

Subsistence crops, mostly corn and beans, were already established. Under the Swynnerton Plan, production efficiency was increased, so that growers could produce some surplus to sell to the nonfarm community.

Extension and research also got a boost from Swynnerton Plan funds. In 1954, when the program went into effect, Kenya already had a very good extension setup, including a corps of African instructors. But many more agents and instructors were needed and, in 10 years, an extension service two or three times the size of the present one may be needed.

Grew Out of Aldev

In part, the Swynnerton Plan was developed to meet needs created by Aldev. Aldev started as a soil conservation and grazing control program. It also administered loans for installation of water supplies, grazing management schemes, factories to process farm products, and loans to individual farmers. However, nothing was done in the areas of land tenure or farm management; these were jobs for the Swynnerton Plan.

In some areas, landholdings had become so fragmented that single farmers owned as many as 20 or 30 scattered plots of land—totaling between 3 and 10 acres. Under a program of voluntary land consolidation, an effort was made to redistribute the land to give each farmer approximately the same amount and quality as before but in contiguous plots.

Some 1.9 million acres were redistributed in this way, providing land in economical tracts for 275,000 African farm families. However, this was not enough and the Swynnerton Plan extended its work to the Highlands, the area of most of its current operations.

The Highlands occupy less than a third of Kenya's land area, some 71,-

s water from the Obambo School Dam. Irrigation, dam upply improvement are all important to Kenya's farms.

An extension agent instructs young farmers on methods of protecting their sheep from "sheep rot" attack.

Tea, a new crop for Africans but an old one for Europeans, is plucked at a measured height. It next goes to a buying station.

Cattle are important in Kenya's agriculture and much work is being done to develop better cattle and to provide them with better care.

Nandi Agricultural Show at Kapsabet. Local gatherings such as this are always very popular, especially with the younger African farmers. The Nandi are among Kenya's major cattle-raising tribes.

Photos courtesy World Bank

000 square miles in the southwest. Because of its rich soils, adequate and well-distributed rainfall, and moderate temperatures, this part of Kenya provides nearly all the agricultural production for export, mostly on large European-owned plantations, and contains the majority of the territory's people. Africans have occupied 60,000 square miles of the Highlands area and, until recently, the remainder was reserved for Europeans.

Highlands Resettlement

Within the past year, land in the formerly European areas of the Highlands contiguous to existing tribal reserves has been sold to African farmers through a special land settlement board. By 1964, 20,000 families will be settled on this land, most of them on farms of 10 to 25 acres. The estimated cost is $41.9 million and about 300,000 acres will change hands.

About half the land involved is suitable for mixed farming; the remainder for livestock. Typically, two-thirds of the land on each African farm will be in pasture and the rest divided about evenly between subsistence and cash crops. Along with the land will go credit, technical assistance, and farm training. At the end of the 3 years, the land involved is expected to yield four times the income it did at the outset—some $10 million a year, most of it cash income for African farmers.

Money From Many Sources

Half the cost of resettlement will be from Kenyan Government resources, mainly the proceeds of U.K. loans and and grants. The rest will come from Colonial Development Corporation loans and grants and loans from the World Bank and U.S. agencies.

In all, some $26 million a year, three-fourths of the territory's development funds, is allocated by the Kenya Government for agriculture and related services. One-third of this amount is earmarked for the Swynnerton Plan. While the outlay is high, the government sees it as pump-priming and expects the private sector of the economy to take over as soon as projects become established.

The plans, as a whole, have been successful. Most of the enterprises to which they gave birth have either become self-supporting or been absorbed by the general economy. Through the Swynnerton Plan alone, African purchasing power was tripled in 3 years. If anything, things have grown faster and bigger than expected.

Nonfarm Jobs Needed

Still, there are many problems to be solved. In Europe an industrial revolution accompanied enclosure, providing a siphon for displaced labor; a similar outlet is needed in Kenya. With land fragmented beyond efficient levels, people went to the cities seeking work. As agriculture is further streamlined in Kenya, more farmers will be in need of other work. The Kenya Government is seeking new industry, both in large cities and in rural areas.

Already there are a number of developed industries in Kenya, most of them dependent upon the country's agriculture for materials as well as workers and customers. Nairobi has two large coffee plants, supplying coffee to West Germany, the United States, and smaller markets. There are also flour mills, meat canning and processing facilities, a margarine factory, cigarette factories, dairy processing plants, and similar agricultural industries.

Other industry includes road construction, plastics manufacture, cement production, and assembly of radios from imported parts. Future plans include a woodpulp and paper industry, rayon and textile plants, and manufacture of electronic components.

The industrial development accompanying the agricultural development program is just one sign of the far-reaching changes brought to Kenya. These plans have done more than revamp the economy of Kenya's African farmers. In many areas, the very way of looking at life is changing.

Concepts of land ownership replaced those of land use inheritance, and private land tenure replaced communal ownership. Young men returning from World War II to fence off part of their tribes' common land as "theirs" gave a large impetus to this psychological metamorphosis. Along with this concept of land tenure were instilled ideas of trade and money that never existed before.

1961 Soviet Farm Output Up But Still Below 1958-59

Despite drought in a number of areas of the Soviet Union, estimates for 1961-62 agricultural production show a slight increase over that of the 2 previous poor years. Most of the gains were in bread grains, wheat, and rye.

Output, however, is still below the record set in 1958-59 and official expectations.

Yields of winter grains were good in the Ukraine and central regions; crops in the eastern "new land" regions were poor.

Total acreage was up relatively little, and the USSR now expects to increase production more through higher yield per acre than through greater acreage. The 1961 increment of 2 million acres was in decided contrast to the 16 million acres added the year before. This seems to mark the closing of the decade in which 125 million acres were brought under cultivation, even though much of it is marginal.

Within the total area cultivated in 1961, however, acreage was stepped up for a number of crops. Wheat went from 149 million acres in 1960 to 158 million in 1961, and corn planted for dry grain from 13 million to 19 million. Somewhat more land was also planted to sugar beets, sunflowerseed, cotton, and several other crops. Corn acreage for silage and green fodder was reduced sharply.

By the beginning of 1961, cattle and particularly hogs had gained by several million head; the number of sheep, goats, and horses was down.

A rather unfavorable feed situation will probably continue to hamper livestock production. Shortages of meat and milk were reported in 1961.

The year also saw the steady growth of the trend toward bigger farming units. As a result of mergers and conversion to state farms, collective farms decreased from 53,400 in 1960 to 44,000, while state farms grew from 6,496 to 7,375 during the same period. The difference in acreage and unit manpower is considerable. The average collective farm has 6,785 acres and includes 386 households—and the average state farm totals 22,485 acres and numbers 753 workers.

Ethiopia Broadens Its Argicultural Base

By CLINE J. WARREN
Regional Analysis Division
Economic Research Service

For many years coffee has been Ethiopia's major export. Now, with world coffee surpluses growing and coffee prices weakening, Ethiopia is turning to other crops and to associated industries. Like many other underdeveloped nations, this country needs foreign exchange. It also needs to raise the living standards of its people.

Although the proportion has been even higher in the past, coffee still makes up over 50 percent of Ethiopia's exports. And despite the world coffee predicament, Ethiopia is working to improve the quality of its coffee in an effort to export much more.

Greater attention, however, is now being given to increasing the production of other commodities: those already being exported—hides and skins, pulses, oilseeds, beeswax, and meat products—and those that must now be imported—cotton, sugar, rice, and tea.

Increased production of these is well within reach, for Ethiopia is a land of great agricultural potential. Early industrialization centers about the processing of farm products exclusively.

The central part of Ethiopia is largely given over to mountains and highly fertile plateaus, on which live most of Ethiopia's approximately 20 million people. The surrounding areas support only a few nomadic tribes and their small herds of cattle. Arable land is plentiful and much of it is completely unused or intermittently cultivated.

Grazing land abounds and livestock is one of the country's principal resources. A farmer's status depends on the number of animals he owns, and, as a result, livestock population is so large that Ethiopia ranks high among the countries of the world in the number of cattle per person.

Formidable basic problems face Ethiopia's development plans. And although changes take place slowly in this proud and ancient land, noticeable progress has been made in recent years.

Ninety percent of Ethiopia's population derive their living from farms which seldom exceed 12 acres in size. Cultivation methods are primitive. Both production and productivity are seriously limited by a general lack of modern agricultural technology. For example, each year livestock diseases and pests cause death to a million and a half cattle and, along with poor nutrition, are responsible for a poor rate of calving.

Lack of education hinders progress. Ninety percent of the population is illiterate, and most of the few children attending school go for less than 5 years. However, two fairly recent schools now give agricultural technical training at the high school-junior college level. In 1956 the Imperial Ethiopian College of Agriculture and Mechanical Arts, a U.S.-Ethiopian technical cooperation project, opened.

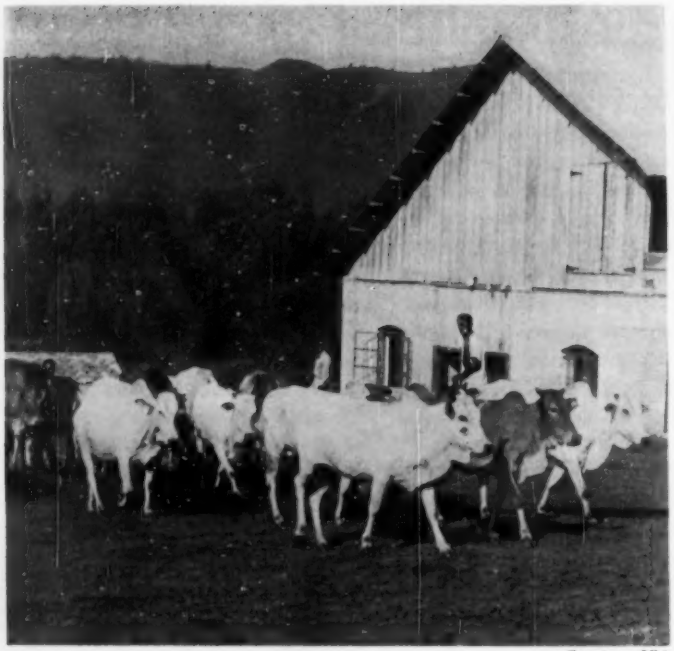
Land Ownership

Most of the land in Ethiopia belongs either to the Coptic Church or to the aristocracy. Large numbers of farmers own little or no land and have little incentive to expand production, only to have the increase disappear in higher rental and taxes.

Several attempts at land reform have been made. In 1954 the Emperor personally distributed 50-acre tracts in the fertile Kaffa Province to each of a thousand landless Ethiopians. The farms lie principally in a coffee-growing district, but the new landowners may utilize their property as they wish, so long as it is properly cultivated and improved. Yet the basic problem of land ownership remains to be solved.

Agricultural development has been limited by the age-old isolation of the Ethiopian farmer from the rest of the world and, in fact, from most of his fellow countrymen. Even the Italian

Below, Emperor Haile Selassie inspects new school. Coffee, Ethiopia's leading export, dries in sun at right.



Courtesy ICA

These selected Borona cattle at the Agricultural Technical School are part of the 20 million native cattle that Ethiopia wants to improve.

Courtesy World Bank

A rural market. Most have little to sell because farmers are handicapped by a lack of transport.

occupation dislocated relatively few of the population. Farmers produce almost entirely for their own use, though a little is sold at the nearest marketplace, and small quantities even reach the export market.

Surface transportation within the country is slow and costs are high. Ethiopia has only one navigable river; river valleys—the traditional route of roads in mountainous countries— are narrow gorges, sultry and choked with vegetation. Air transport is increasingly used for freight, but it is no substitute for road transport in moving agricultural commodities into markets. At the present time, most of the country's roads are mere pack trails for donkeys, mules, and camels. World Bank loans, now totaling $25.5 million, have to date been largely aimed at filling this transportation gap.

Special Commodity Targets

Aside from these across-the-board problems, Ethiopia is working to improve production of certain important farm products.

Until recently, almost all of the coffee harvested in Ethiopia was picked from trees growing wild in the forest. The flavor of this "wild" coffee compares favorably with coffee produced elsewhere, but it frequently reaches the market damaged by improper picking, drying, and handling.

Even under these handicaps, Ethiopia's coffee production and exports have more than doubled since World War II. Almost 54,000 metric tons were exported in 1959, compared with slightly over 21,000 in 1949. It is expected that production from newly established plantations and the acceptance of improved methods of planting, cultivating, pruning, harvesting, and handling may well result in greatly increased exports in the next few years.

A National Coffee Board, established in 1957, now enforces laws and regulations on the cleaning and grading of coffee for export. The Board has set up a number of coffee centers to help spread proper methods of production and marketing. A proposed Coffee Exchange will encourage quality production by creating sufficient price differentials between grades.

Greater utilization of the country's enormous livestock resources and potential is thought by many to offer the greatest hope for diversification. According to an FAO livestock expert, exports of 800,000 head of cattle, 500,000 sheep, and an equal number of goats are quite possible with proper animal husbandry and improved transportation. At the present time, the prevalence of rinderpest, other diseases, and parasites hinders the export of both live cattle and meat products.

In an effort to encourage the development of the livestock industry, the government recently repealed the high duty on inter-Province movement of cattle. It is now considering the removal of import taxes on salt and processing equipment which have seriously hampered meat canneries.

Hides and skins could easily become a major export. Now, mostly because of improper skinning and processing, large numbers of the skins are not fit to use domestically or to export. Exports reached $7.7 million in 1960.

Cotton and textiles are Ethiopia's single largest import—$19 million in 1959 and $24 million in 1960. Government officials would like to halt this drain on the country's financial resources, but present domestic production of cotton is insufficient to meet the need. (Most Ethiopians wear the traditional long cotton robe.)

Late in 1959, an agreement was made with a British firm to develop nearly 10,000 acres on the lower reaches of the Awash River. This will require irrigation, since plans call for

rotating cotton with such crops as coarse grains, pulses, and oilseeds. Then, in 1961, the government signed an agreement with the United Nations Special Fund for a 3-year survey of the potentialities of the entire Awash Valley. Government officials hope that the entire area can be planted to cotton—an Ethiopian version of the Gezira Scheme which has proved so successful in neighboring Sudan.

Foreign Investment

A key factor in Ethiopia's economy is its current dependence on foreign capital to carry out its development program. Falling coffee revenues coupled with increased expenses for military and civilian services have put cash resources in short supply.

However, Ethiopia's agricultural potential and its strategic position alongside the Red Sea and as a key nation on the African continent have not gone unnoticed. Economic aid and private investment have come not only from the United States, but from Israel, Yugoslavia, the Netherlands, the USSR, West Germany, and the United Kingdom, all of which have undertaken projects within Ethiopia.

A number of these foreign investors are interested in Ethiopia's budding agricultural industries. Perhaps the most significant of these is cotton textile manufacturing. By the end of 1963, it is estimated that over 120,000 cotton spindles and 5,000 looms will be in operation. This is about twice the present capacity.

Near the close of 1961, a second sugar refinery—a project of a Dutch firm—was opened, which according to reports is capable of processing 1,000 tons of sugarcane daily. This added production should allow a further reduction in sugar imports.

Sizable foreign investments are in the making to develop the meat packing industry. Soluble coffee and paper production are also being considered.

U.S.-Ethiopian Trade

Ethiopia now offers a rather modest market for U.S. agricultural products. Of the $7.3 million U.S. exports to Ethiopia in 1960, $2.1 million was raw cotton. The remainder was almost entirely nonagricultural. Some grains are usually taken when cereal harvests are poor and, from time to time, limited quantities of dairy products.

U.S. imports from Ethiopia are almost all agricultural quantities of such products as hides and skins and crude beeswax. In 1960, U.S. coffee imports from Ethiopia amounted to $24.7 million; total imports, $27.0 million. The balance of total U.S.-Ethiopian trade has traditionally favored Ethiopia.

Eventually, Ethiopia should be capable of meeting its cotton needs, but until such a time, increasing quantities of cotton must be imported. It is expected that efforts to increase U.S. sales of cotton to Ethiopia will run into stiffening competition from Sudan.

Ethiopian agricultural exports do not compete significantly with U.S. products, but as current development schemes mature, Ethiopia may well emerge as a sizable surplus producer of meat, oilseeds, and coarse grains.

Soviet Trade

(Continued from page 4)

imports. This type of transaction allowed the Soviets to technically stay within their announced policy of not reselling Cuban sugar. Also, without referring to the concept of a "loan," *Czarnikov*, the magazine of a British sugar trading house, reported on January 4, 1962, that China had taken an option for 800,000 tons of sugar from the Soviet Union this year. Thus, the USSR has already disposed of a large share of its 1962 commitment for 3 million tons of Cuban sugar.

Imports of rice, coarse grains, vegetable oils, vegetables, livestock, and livestock products from non-Bloc nations have remained fairly stable, though the buying of some of these products has decreased. Rice imports fell off primarily because of smaller purchases from Burma. Imports of livestock and livestock products from non-Bloc countries are very unimportant.

Outlook

When writing about the Soviet Union it is not always easy to predict what is going to happen—and this applies to trade as well as to political moves, the two, as mentioned earlier, being closely related.

With regard to farm exports, the Soviet position in the world's wheat market may become even stronger, but no sizable gain in the coarse grain market is foreseen. With growing cotton demand from the Satellite countries' light industries, no strengthening of the Soviet position on the non-Communist cotton markets is likely either.

As for imports, an examination of the Soviet Union's 1962 trade pacts indicates that the country will increase its relatively small purchases of fruit, coffee, cocoa, and cotton from several of the less developed nations which until 1959 and 1960 had not shared in this market.

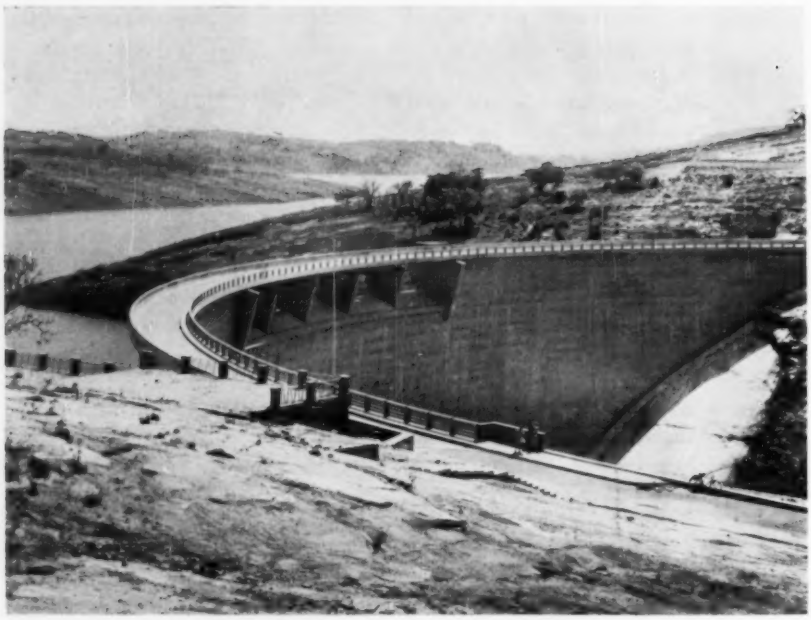
While the Soviet Union will continue to compete in the agricultural markets of the Free World to secure its economic and political goals, it may have to change existing trade patterns.

The Common Market, for example, may hamper Soviet trade with the West. With the exception of cotton and hard, high-protein wheat, Soviet exports to the Market countries will probably decline.

Another factor is the current stagnant or downward trade trends in neighboring non-Communist markets, such as Finland, Afghanistan, and Iran. However, any country which imports agricultural commodities and has an export capability in industrial equipment without Common Market or other restrictions represents a potential market. One of the more likely possibilities is Japan.

Still another thing to be considered in evaluating potential Soviet trade is the possibility that other Communist countries, such as Czechoslovakia and East Germany, may become less dependent on Soviet farm output. This though is unlikely in the immediate future.

Internally, the Soviet Union's population growth and the improvement in its diet must be regarded as limiting factors. However, the principal internal factor which will determine the Soviet Union's capacity for large export increases, as in 1959 and 1960, is the country's ability to attain its goals for higher yields. Yet even if these higher yields are obtained, it is improbable that the export increases would be as spectacular as those of the last few years, which resulted from the 125 million acres of new cropland put into cultivation in the past decade.



Southern Rhodesia's Kyle Dam, opened last May, is part of a large irrigation project which when completed will supply water to over 300,000 acres of fertile land now usable only for ranching.

By PAUL FERREE
Agricultural Officer
Salisbury, Rhodesia

Irrigation in Rhodesia and Nyasaland

The year 1961 might well be called "Irrigation Year" in the Federation of Rhodesia and Nyasaland.

In May came the official opening of the Kyle Dam in Southern Rhodesia, making water available for a great expansion of cotton, citrus, and sugar acreage in a vast, dry lowland area hitherto mostly devoted to livestock ranching. The increase in sugarcane acreage is expected to make the Federation virtually self-sufficient in sugar during 1962, with an output of 80,000 tons—more than twice as much as in the 2 preceding years.

In August, an international irrigation symposium was held in Salisbury. Its focus on the potentials of irrigation agriculture brought renewed government attention to several major long-term schemes that had long been under consideration. One is the Sabi-Lundi basin project, in which the Kyle Dam is a first step. In September, a 12-man mission completed a survey of the Sabi River scheme; their report may determine its priority and possibly hasten its development.

Need for Progress

The Federation's agricultural policy stresses increasing self-sufficiency in most basic food needs. The Federal Minister of Agriculture has expressed concern that agricultural products valued at £15 million ($42 million) were imported in 1960. He has pointed out that if the country develops its irrigation potential, it can produce internally not only all that it now imports of sugar, cotton, bananas and other fruits, vegetables, and possibly wheat, but also enough to accommodate future population growth.

In addition, the areas added by irrigation will help satisfy the land hunger already evident among Africans. In the African Purchase Areas, skilled African farmers with some capital are eligible to buy farms of 200 to 400 acres. Southern Rhodesia has some 7,000 farmers in this category, and over 2,000 are awaiting further land allocation. Several small irrigation projects already exist for African farmers, and more are in the planning stage. The success of Africans on irrigated land is well demonstrated on the 750-acre Nyanyadzi project on the lower Sabi River in Southern Rhodesia, where small family-farm units support 3.7 persons per irrigated acre. Crop yields there are high by any standards, and living conditions are noticeably above the average that applies for all Africans in the territory.

Problems To Be Faced

The primary problem facing the government in irrigation development is money, for such projects require a great deal of capital. Equipment for these and other development needs has been and will continue to be a major import item. From the private point of view, too, capital presents a problem in irrigation farming. Though land is not unduly expensive, costs of clearing, stumping, leveling, and building irrigation ditches can reach as high as $170 per acre, and water rights may come to between $5 and $7 per acre-foot. In contrast, the large-scale ranching previously carried on in Southern Rhodesia does not require much capital; nor, however, does it support many persons or bring them in much income.

Another problem hampering the development of irrigated farming is transportation. Rail and highway facilities are still insufficient for the economic marketing of many crops; and in the Sabi-Lundi region of Southern Rhodesia, the high cost of truck transportation has accounted for most of the recorded farm failures. Power is

also needed. The projects underway in Southern Rhodesia are mostly for water; and cheap electricity for pumps and spray irrigation is one of today's pressing requirements.

A further problem concerns the Federation's rather narrow consuming market. Out of a total population of about 8.5 million, probably less than a million can at present be considered regular customers for the products of the Federation's agriculture and industry. This situation dictates caution to those who formulate future development plans, for even one fully developed irrigation scheme could mean that, unless total purchasing power developed in the same measure, some of the increased agricultural production might have to be exported to a world market already burdened with surpluses of agricultural commodities.

Present Accomplishments

The greatest development in irrigation is taking place in the low veld—the dry, hot lowlands of Southern Rhodesia. The catchment area of the Sabi and Lundi Rivers comprises roughly a fourth of the territory, and most of this receives less than 20 inches of extremely variable rainfall a year. Fertile soils exist, but without irrigation much of the land is useful only for ranching.

Many studies have been made of the Sabi-Lundi basin since the major survey was completed in 1947-48. Plans have already been drawn up for projects that would irrigate over 300,000 acres, but completion of the scheme awaits financing. The overall plan includes the now completed Kyle Dam; the Bangala Dam, a secondary irrigation reservoir under construction nearby; and several other dams yet to be built. Beyond this, additional potential will still exist in the area for storage and utilization of water that now runs to the sea.

The low veld is already showing its possibilities for crop production. Under irrigation, cotton normally yields 2,000 to 3,000 pounds of seed cotton per acre; here, some small African farms are getting nearly 5,000. Per-acre yields of other crops are equally astonishing, some of them among the world's highest: Wheat, 50 bushels; corn, 100 bushels or more; alfalfa, 8 to 12 tons; sugarcane, 40 to 50 tons

Photos from Ministry of Home Affairs, Rhodesia and Nyasaland

Adjusting a spray pump on Triangle Sugar Estate, world's largest single spray-irrigated project. Water from Kyle Dam made possible Triangle's expansion in cane area.

Planting cane, Triangle. New furrows get fertilizer first, then pieces of seed cane. Below, at harvest, cane bundles are towed to a zone loading point.

on the large estates and over 60 tons for some farms with 150 to 200 acres.

Sugarcane production is in fact perhaps the most striking feature of the development now taking place in the low veld. Most of the sugar output that is expected to eliminate the Federation's need for imports will come from this region, where water supplied by the Kyle Dam made possible the setting out of some 15,500 acres of cane by the end of 1961 on two large estates and the smaller farms associated with them.

About 10,000 acres of this cane are on the 77,000-acre Triangle Estate, considered the largest single spray-irrigated project in the world. To make full use of a nearly completed sugar mill and to capitalize on the lively domestic market for sugar, Triangle plans to crush cane straight through from January 1962 to May 1963. Normally, the crushing season is from May to November.

The Hippo Valley Estate has planted 4,000 of its 150,000 acres to sugarcane, and it expects to increase this area. Hippo, though stressing sugar, is trying to diversify, with 750 acres in citrus and further increases planned. This estate depends on a flood irrigation system using water from the Kyle Dam, but will eventually draw water from the Bangala Dam. Most of last year's cane was used to plant the increased acreage; crushing will begin with this year's harvest in a sugar mill acquired from Mauritius.

Settlement Possibilities

What has already been accomplished in this previously underdeveloped area of the Federation points up future possibilities here and in other areas. Irrigation development in the low veld has provided employment for significant numbers of people. A few years ago, consideration was being given to breaking up the Hippo Valley Estate into two cattle ranches that would have supported two European families and 100 Africans. Now, with water available from the Kyle Dam and more in prospect, Hippo employs about 25 Europeans and 1,500 Africans. An even greater number is employed on nearby Triangle and the associated farms. Eventually, the area will support many more people in commercial and service endeavors.

1961 saw interest in irrigation development for the Federation's other two Territories also. The Food and Agriculture Organization of the United Nations approved a grant of over $500,000 for a joint complete survey of the Kafue Flats scheme in Northern Rhodesia. This long-term project holds considerable possibilities for wheat and other crops. Northern Rhodesia, which has been primarily dependent on mining for its income, last year inaugurated a comprehensive program of rural development, in which the Kafue Flats project will undoubtedly take an important part in years to come.

In Nyasaland, the recently elected African government has been completing surveys of the Shire Valley and Elephant Marsh schemes for agricultural and hydroelectric development. As all these schemes come into operation, expanded employment and better wages such as are already evident from the Southern Rhodesian experience will undoubtedly broaden the market for the Federation's increased agricultural and industrial output.

Red China's Grain Purchases From West Point to Severe Agricultural Problems

Last year, two important facts broke through Communist China's blackout on economic information. First, China made large cash purchases of food grains from Australia and Canada. Second, it arranged for credit to cover further shipments this fiscal year.

This spring, some of these food bills are coming due, even as word goes around that the Chinese are anxious not only to complete deliveries under earlier deals but to make new food agreements with Free World countries.

The unprecedented grain shipments, plus the nature of the payments procedures, are evidence as to the urgency of China's food needs and the state of its agriculture.

From Australia, last fiscal year, China bought for cash 43 million bushels of wheat, 17 million of barley, and 4 million of oats—all apparently shipped between January and June. This fiscal year (through October), Australia has shipped China 31 million more bushels of wheat on credit—10 percent down, 40 percent in 6 months, the rest 12 months after final shipment.

From Canada, China's cash purchases last fiscal year were 28 million bushels of wheat and 12 million of barley, shipped between January and June. This fiscal year, through October, China received a further 28 million bushels of wheat and 17 million of barley, on credit—25 percent down and the rest in 9 months. These credit shipments come under a long-term agreement for the sale of 187 million bushels of wheat and 47 million of barley between June 1, 1961, and December 31, 1963. Latest contract under this agreement calls for the delivery of 31 million bushels of wheat and 9 million of barley through May.

These are dollars-and-cents clues, but there are others. The Chinese Communists have issued no crop statistics since 1959; but for 3 years in a row they have complained of bad harvests, caused by "natural calamities." These complaints are underscored by the increasing severity of rationing since 1958. Both refugees and independent foreign observers describe widespread food shortages; and many refugees themselves display the classic signs of malnutrition.

Weather, indeed, may have been an important cause of China's farm troubles; but few observers discount the disastrous effects of Communist farm policy. There are now signs that 1958's "great leap forward in agriculture" has been followed by some quiet steps back. Agriculture is being somewhat decentralized, the rigors of the commune system eased, and the emphasis in government investment shifted toward agriculture and light industry after the long attempt to develop heavy industry. At best, however, food problems will be severe this year and probably for at least several years to come.

THE FOREIGN MARKET For U.S. Citrus

By DONALD M. RUBEL
Fruits and Vegetables Division
Foreign Agricultural Service

The foreign market provides an important outlet for U.S. citrus fruits. In recent years, it has accounted for about one-tenth of all commercial sales. A somewhat larger share—about 13 percent—of the fresh fruit sales and about 7 percent of the sales of processed products are shipped abroad.

A wide variety of products is exported. Fresh oranges, grapefruit, and lemons are shipped every month of the year. In addition, canned grapefruit sections, orange juice, grapefruit juice, lemon juice, and blended orange and grapefruit juice are exported. The juices may be shipped as single-strength juices or concentrated—either frozen or "hot pack." Also, exports of essential citrus oils are increasing.

The world citrus industry has grown rapidly in recent years. Consumption in the important markets has been increasing, and production has been expanding in all major world citrus-producing areas.

The biggest citrus-consuming areas are those with high standards of living, and the industrialized Western European countries, together with the United States and Canada, are the leaders. Consumption in the United States is the highest—about 90 pounds per person per year, of which only about 40 pounds are consumed in fresh form. Canada ranks next, with about 70 pounds per person, of which slightly less than 40 pounds is consumed in fresh form. In the major Western European countries, consumption ranges between about 25 pounds and 35 pounds per person per year, practically all in fresh form.

Canada is by far our most important customer, receiving more than one-half of the total exports of both fresh citrus and processed citrus products.

The European Market

Most U.S. exports of fresh and processed citrus fruit are destined for Western European markets. Last season, 1.3 million boxes (equivalent standard) of oranges, 0.8 million of grapefruit, and 2.1 million of lemons were shipped to Western Europe. In addition, these European countries bought over 11 million gallons (equivalent single strength) of all types of citrus juice, 0.4 million cases of canned grapefruit sections, and over 3 million pounds of orange and lemon oil. Also, all of these items move to markets in Latin America, Africa, the Middle East and the Far East, with the Far East receiving the largest total quantity.

The principal foreign competitors of the United States differ according to the product.

Mediterranean orange producers provide the principal competition on world markets during the winter orange marketing season, while the Southern Hemisphere producers, primarily South Africa, Argentina, and Brazil, ship during the summer months.

Israel and the British West Indies supply the major foreign fresh grapefruit competition during the winter months, with South Africa the principal competitor shipping grapefruit in the summer months.

Italy provides the major competition to U.S. exports of fresh lemons, during both winter and summer.

And although the United States supplies most—nearly nine-tenths—of the world's processed citrus products, production of these items has been expanding abroad, especially in the West Indies, Israel, and South Africa.

Exports of citrus fruit from the United States have not been as heavy in recent years as in the middle 1950's—partly because a succession of unfavorable growing seasons in Florida and Texas reduced supplies. This season, however, Gulf Coast supplies have increased, and they should be even larger in the future.

In California and Arizona, expansion of industrial areas has resulted in a decrease of the acreage planted with Valencia oranges, which contributed most heavily to U.S. fresh orange exports. The newer plantings of oranges on the West Coast have been of the Navel variety shipped during the winter marketing season.

Thus, it appears, exports of fresh oranges during the summer months probably will decline during the next few years. Exports of fresh lemons and grapefruit, however, should expand during the next several years.

Common Market Tariffs

Exports of both fresh and processed citrus from the United States to Western Europe will be affected by the tariff arrangements arrived at by the Common Market countries.

The proposed common external tariffs of 20 percent ad valorem for winter oranges, 15 percent for summer oranges, 8 percent for lemons, and 12 percent for grapefruit, while about equal to the average duties of the member countries, represent significant increases in duties in the important West German market. Of greater significance, however, is the duty-free preference accorded Italian citrus ship-

pers, who by their increased plantings have demonstrated their intention to capitalize on this opportunity.

With regard to processed citrus juices, the currently proposed common external tariff of 21 percent ad valorem (for juices of a density of 1.33 or less) should provide a great stimulus to the processing of citrus juices in the Common Market and affiliated countries in North Africa.

Moreover, if the United Kingdom joins the Common Market and accepts the common external tariff, its duties will be raised significantly. Current U.K. import duties are relatively low, and most processed citrus products are completely free of duty.

Other Barriers

Although most Western European countries have by now removed their quantitative restrictions on imports of fresh and processed citrus items, important barriers to trade still remain in the United Kingdom, France, and Italy. The United Kingdom prohibits imports of fresh winter grapefruit and sharply curtails imports of processed orange and grapefruit products from the United States to protect the British market for these items produced in the British West Indies. France restricts imports of fresh winter oranges and processed orange juices to protect the French market for North African products, and Italy, to advance its own processing industry, prohibits imports of processed citrus products.

Food health regulations and labeling requirements in recent years have proved effective barriers to trade. Most European countries prohibit the import of oranges with added color. This has the effect of inhibiting imports of oranges from the Gulf Coast of the United States, the Caribbean area, and Brazil, where warm temperatures retard the coloring of oranges.

Several Western European countries have been revising their food health regulations. West Germany has been the most active and requires that fresh citrus fruits treated with waxes or decay inhibitors be labeled at retail with the phrase "peel not suitable for eating." This has had the effect of encouraging consumption of citrus shipped from nearby producing areas at the expense of imports from distant sources which require such treatment in order to limit decay.

Looking Ahead

As the economies of Western Europe continue to grow and prosper, we can expect increased consumption of citrus items. Larger plantings of oranges throughout the Mediterranean area should satisfy Europe's fresh orange requirements during the winter season. Exports of California lemons, however, should maintain their share of the European market. In the case of fresh grapefruit, we look toward the gradual growth of demand for a product which at the present time is relatively unknown in continental European markets.

Europe's potential as a market for processed citrus products during the next several years seems to be extremely bright. We expect a greater demand for convenience foods, coupled with an interest in the health value of processed citrus products and acceptance of them. These products are produced more efficiently and with better quality in the Gulf Coast area of the United States than anywhere else in the world; hence we anticipate significant increases in exports of orange and grapefruit products to Western Europe during the next few years.

At the present time, efforts to promote citrus products are being intensified by the major supplying areas. For years, South Africa and Israel have conducted vigorous promotional programs. Recently, Spain has decided to step up advertising activities. The principal U.S. exporting areas have also undertaken promotional activities; and market development projects are being carried out in cooperation with the Foreign Agricultural Service by both the Florida and California-Arizona exporting industries.

Yugoslav Government Sets Its Targets For Farm Output in 1962 at Alltime High

Drought caused such a serious setback in Yugoslavia's agricultural production plans for 1961 that, in an effort to recover lost ground, the government has set goals for agriculture in 1962 higher than ever before—and it has called for percentage increases much higher than those demanded of either industry or foreign trade.

Yugoslavia wants to almost triple the 8.3-percent average annual increase in farm output called for in the current 5-year plan. The proposed 23-percent gain in 1962 over the previous year is 5 percent over the record production achieved in 1959—and a very high goal indeed.

Production in the socialist sector—which includes state and collective farms and General Agricultural Cooperatives—is scheduled for a 30-percent increase. This sector's share in total farm production is expected to expand 16 percent.

Socialist agriculture is to extend sown area, not only its own, but that cultivated in cooperation with individual farmers. The number of tractors in this sector is to go from the 31,000 reported in 1960 to 35,000 in 1962; combines are to go from 5,000 to 6,500. Around 500,000 tons more fertilizer, a gain of 45 percent, is to be used. The cooperatives, which service private farms, must include even more farms in 1962 to increase average national yields.

Plans call for the investment of $164 million in agriculture, which is about 15 percent more than during 1961. To further stimulate production the price of wheat seed to the farmer is to be reduced, and there are to be higher purchasing prices for tobacco, wheat, and some other crops.

Industrial production in 1962 is to increase 13 percent above the previous year's. This includes industries processing local farm products and other domestic raw materials such as crude oil, metals, and timber.

An 18.2-percent gain is planned for total exports in 1962. Most exports are to be industrial, with a 26.5-percent increase scheduled. Agricultural exports are expected to be down about 9 percent because the harvest was so poor in 1961.

TRADING POST

U.S. Livestock Products Hit By New German Tariffs

U.S. exports of frozen variety meats, lard, and tallow face an uncertain future in West Germany as the result of that country's increasing its tariffs on meat and meat products from outside the Common Market while reducing those for Market countries.

The new tariffs for non-Market countries, which went into effect on January 1, were upped from 5 to 9.5 percent for fresh or frozen beef and hog livers, and 10 to 13 percent for other fresh and frozen variety meats from hogs or cattle.

Bulk lard duties were changed from 10 to 13 percent, and those for packaged lard from 18 to 20 percent. Frozen and salted fatback rose from 10 to 13.6 percent, and smoked fatback from 21 to 22 percent.

Inedible tallow, which previously had entered West Germany duty-free from all countries, acquired an 0.6-percent ad valorem tariff on shipments from outside the Market.

U.S. Apple Sales to Europe Well Ahead of Last Year's

U.S. exports of fresh apples to Western Europe during the 1961-62 season through November were at a level three and a half times greater than the previous year's—and nearly three times that of the 1959-60 season. Early entry dates set by importing countries, where production is down 45 percent, were the main reason for the rise.

Italy and other European fruit-exporting countries have one-sixth more fruit this season than in the two previous seasons. This will not affect U.S. exports of top-quality apples which find ready acceptance in European markets. Recently, a lot of Eastern U.S. tray-packed Red Delicious apples were sold at a high of $11.34 per carton at a London auction.

Chile Buys Polish Sugar At Price Below Cuba's

Chile recently purchased 65,000 tons of unrefined beet sugar from Poland at a price well below that of the Cuban cane sugar Chile would ordinarily have bought.

Poland, like many other Soviet Bloc nations, has a surplus of sugar as a result of increased purchases from Cuba. If obligations to buy similarly large quantities in the next few years are met, beet sugar prices will probably remain below those for cane sugar, an abnormal situation.

Prepacked Danish Bacon Selling Well in Britain

Danish bacon, cured and packaged in a Yorkshire plant, is rapidly gaining popularity with U.K. housewives who, up to now, have bought their bacon loose. The plant processes more than 10,000 sides of bacon weekly.

To meet the growing Danish competition, domestic bacon meeting industry standards for carcass and cure is labeled "Meritmark" for quick identification by consumers.

East European Countries To Import Needed Grains

All of the Danubian countries, except Rumania, are expected to import both feed and bread grains this year because of adverse weather conditions in the 1961 growing season.

Corn production was hit by a long drought extending from July through October, so that imports will be needed if present livestock numbers are to be maintained. Furthermore, the area's corn-exporting countries, Rumania and Yugoslavia, will not be in a position to fill the demand. Rumania's corn crop is estimated at about half the traditional 400,000 to 500,000 tons, and Yugoslavia has banned all corn exports except to fulfill contracts.

Less "Twist" in Uruguay, More U.S. Cigarettes

The United States' $4-million cigarette exports to Uruguay in 1961 were more than double those of the previous year. At the same time, Uruguayan imports of "Twist," a strong dark tobacco from Brazil, were down.

Uruguay now imports about 1 billion U.S. cigarettes annually, compared with less than one-fifth that volume in 1959.

Twist, which usually accounts for 15 to 25 percent of Uruguay's total consumption, is a favorite with rural people, who like its relatively low price. They put the Twist rolls through home shredding machines to get tobacco for roll-your-own cigarettes and for other tobacco uses.

U.S. Expects To Export More Oilseeds and Meal

U.S. exports of oilseed meal and oilseeds for meal will probably be higher in 1961-62 than they were last year. Most of the sales will go to feed Europe's growing livestock population, but there will also be expanded sales to Japan and probably Canada.

Except for Spain, the European countries are expected to buy less oilseed meal and more oilseeds, mainly soybeans, from which they crush their own oil and meal. Spain's meal purchases will be up but that country is expanding its own operations and will gradually switch its buying from oilseed meal to oilseeds.

East Asia May Have Less Rice To Export This Year

Rice available for export from current harvests in East Asian countries may be less than it was last year.

Unfavorable weather at harvesttime will prevent exports from South Vietnam and reduce those from Cambodia and Burma. Even in those rice-exporting countries where production increased, the rise was not as great as population growth. Only Korea, which was not affected by weather, had a large crop but price will be an important factor in moving it.

Indonesia will again be the world's largest rice importer, a position that Japan held until a few years ago when it became self-sufficient in rice.

UNIVERSITY MICROFILMS, INC
313 N FIRST ST
ANN ARBOR MICH
357 5-22-59

UNITED STATES
GOVERNMENT PRINTING OFFICE
DIVISION OF PUBLIC DOCUMENTS
WASHINGTON 25, D. C.

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, $300
(GPO)

If you do not desire to continue receiving this publication, please CHECK HERE ☐; tear off this label and return it to the above address. Your name will then be promptly removed from the appropriate mailing list.

U.K. Livestock Subsidies To Cost $186 Million

The United Kingdom will spend about $186 million to subsidize its livestock industry during the current fiscal year. Declining British prices have pushed support costs well above the expected levels for cattle, hogs, and sheep.

As a result of the subsidy program, the United Kingdom has cut its meat imports to 49 percent of what it consumes. In 1938, with a smaller population, 52 percent was imported. The United Kingdom is still the world's leading meat importer.

Flax Trade Continues To Drop Except in USSR

Ever since 1956, Western Europe's flax trade has been on the decline, and the prospects of a recovery are not very promising. Costs of producing flax and linen are high and the competition from manmade fibers is keen.

Western Europe's three important flax-growing and -exporting countries are France, Belgium, and the Netherlands—with West Germany, Italy, and the United Kingdom in minor positions. Flax production in these countries is about half what it was in 1956. And in 1960—the last year for which complete figures are available—the group imported 31,000 metric tons (in terms of scutched fiber), whereas in 1956, it exported 29,000 tons.

In the USSR and East European countries, flax production has dropped off too, but only about 20 percent. However, these countries in 1960 upped their exports 150 percent over the 1956 level, indicating that Western Europe is finding it hard to compete.

Cuba, Soviet Union Make 1962 Trade Arrangements

The 1962 trade agreement between Cuba and the Soviet Union calls for Cuban exports of sugar, alcohol, rum, tobacco, fruit, nickel ores, and other products. Soviet exports will include wheat, farm machinery, fertilizers, chemicals, timber products, cellulose, oil and oil products, ferrous and nonferrous metals, factory equipment, and instruments.

In a separate agreement, the Soviet Union agreed to buy 3 million tons of sugar annually for the next 4 years, at 4 cents a pound. This equals about half of Cuba's normal output.

Cuba also has signed trade agreements with other Sino-Soviet Bloc countries. The Bloc now accounts for nearly 80 percent of total Cuban trade.

U.S. Dairy Cattle Exports Broke All Records in 1961

Last year, U.S. exports of dairy cattle reached a new high of more than 13,500 head. Top market was again Mexico, with purchases of well over 6,000 head, highest since 1957.

Next largest market was still Cuba, which had bought over 3,500 head before the U.S. embargo went into effect. Third was Canada, with a record of nearly 1,800 head. In all, over 30 countries bought U.S. dairy cattle.

Argentina Slashes Cigarette Import Taxes for Six Months

Sharply reduced taxes on imported cigarettes in Argentina are likely to increase the market for U.S. brands in that country.

In early January, the surcharge on imported cigarettes was slashed for a six-month trial period from 150 percent of the value to 20 percent. At the same time, the revenue stamp tax was cut from 75 percent of the retail price to 60 percent.

U.S. cigarette exports to Argentina in 1961 totaled about 100 million pieces, or approximately one-tenth the volume shipped to neighboring Uruguay where cigarette taxes have been considerably lower than in Argentina.